

# EXHIBIT C

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

BOARHEAD FARM AGREEMENT GROUP,	:	
	:	
Plaintiff,	:	Civil Action
	:	
v.	:	02-CV-3830
	:	
ADVANCED ENVIRONMENTAL	:	
TECHNOLOGY CORPORATION, ET AL.,	:	
	:	
Defendants.	:	

FIFTH CASE MANAGEMENT ORDER

This Court has determined that the just, efficient, cost-effective, and prompt resolution of this case requires entry of this Case Management Order pursuant to Fed. R. Civ. P. 16(b) and 26(f). The parties have had an opportunity to participate in the development of this Case Management Order.

WHEREFORE, it is hereby ORDERED that this Case Management Order shall govern the proceedings in this matter.

1. Initial Pleadings. On or before July 15, 2004, Defendants who have not reached settlements in principle with Plaintiff shall answer, move (to the extent not limited by prior Case Management Orders), or otherwise plead in response to the Third Amended Complaint. Answers shall be deemed to raise cross-claims or counterclaims for contribution pursuant to

CERCLA and Pennsylvania Hazardous Sites Cleanup Act. All such deemed cross-claims and counterclaims shall be deemed denied. Cross-claims or counterclaims based on separate claims peculiar to an individual party, such as claims for contractual indemnification (and other than claims against the insurance company), shall be individually pleaded.

2. Fact Discovery. From the date this Order is entered, the parties shall have thirty (30) days to propound and thirty (30) days to respond to written discovery, including interrogatories, requests for admissions and requests for production of documents. There shall be no depositions taken during this sixty (60) day written discovery period. Following the foregoing sixty (60) day written discovery period, fact discovery shall continue for an additional one-hundred fifty (150) days and include, but not be limited to further written discovery and the depositions of party representatives pursuant to notice and the depositions of non-parties pursuant to subpoena.

3. Defendant Claims. Any Defendant may file a third-party complaint and Plaintiff may file a Fourth Amended Complaint on or before June 30, 2004 as of right. Any claims against insurance companies must be brought in a separate action in this or another court.

4. Depositions. All fact discovery shall be completed on or before January 10, 2005. No deposition shall be taken without leave of the Court before August 13, 2004.

5. Motion Practice. Any party may file a motion for summary judgment at any time as permitted by the Federal Rules of Civil Procedure.

6. Case Management Conference. Following decisions of motions for summary judgment, or, if no motions have been filed, Plaintiff shall be responsible for contacting the Court and arranging a case management conference to establish a framework and schedule for

the expert phase of the case. Prior to the conference, the parties shall confer in good faith regarding the terms of a proposed Sixth Case Management Order to govern further proceedings.

BY THE COURT:

Legrome D. Davis, J

# *EXHIBIT D*

SIVE, PAGET & RIESEL, P.C.

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NEW YORK, NEW YORK 10022-1906

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December 22, 1999

VIA FEDERAL EXPRESS

Bruce Rosen, Esq.  
MARC & W  
127 Main Street  
Chatham, NJ 07928

RE: Advanced Environmental Technology  
Company ("AETC")  
Boarhead Farms Superfund Site

Dear Bruce:

In furtherance of our recent telephone conversation, I enclose a copy of the nexus materials that were distributed at the December 16, 1999 PRP Group Meeting in Philadelphia. (Exhibit "A.") The nexus package includes EPA enforcement documents, excerpts of depositions and interviews relating to AETC's alleged involvement at the Boarhead Farms site and to various pleadings and correspondence relating to a lawsuit brought by Manfred DeRewel, the owner of Boarhead Farms, against AETC. In addition to the nexus materials, I have included outlines of presentations that were made at the meeting by David Payne of Pitney Hardin (Cytec Industries) (Exhibit "B") and Jeff Siebel of de maximis (Technical Consultant to the PRP Group). (Exhibit "C".)

History Of The Boarhead Farms Site

The Boarhead Farms site was operated by Manfred DeRewel from 1970 through 1977. He also operated several other facilities during certain of those years. The Ontario Street, Philadelphia facility was operated from November 1993 through July 1975. The Wissinoming Industrial Park, Philadelphia facility was operated from June 1976 through July 1977. All of DeRewel's operations were run out of the Boarhead Farms location.

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EPA's Actions With Respect To The Boarhead Farms Site

EPA has conducted three removal actions at the Boarhead Farms site. During the first two, over 2700 buried drums were removed from the site. A third removal action to intercept, collect and treat contaminated shallow groundwater in an onsite treatment facility is continuing at this time.

EPA prepared an RI/FS for the site in 1997 and issued a Record of Decision ("ROD") for the site in 1998. (A copy of the ROD is attached as Exhibit "D.") The components of the ROD include:

1. Soil aeration and treatment of Volatile Organic Compound hot spots.
2. Additional drum removal.
3. Groundwater extraction -- upgrade existing treatment facility.
4. Imposition of institutional controls.
5. Installation of additional monitoring wells.
6. Residential water treatment.
7. Phytoremediation.

On January 4, 1999, EPA issued a special notice letter pursuant to Section 122(e) of CERCLA to ten recipients, soliciting a good faith offer to perform the remedial design selected by the ROD and reimburse EPA for \$11.7 million of its past costs. The recipients included Cytec Industries, Ford Motor Co. and SPS Technologies. To my knowledge, AETC did not receive this letter. Thereafter, EPA indicated to the Special Notice Letter recipients that the Agency would be willing to negotiate dividing the ROD into two operable units. OU-I would address contaminated groundwater (Items 3-7, above) and OU-2 would address the removal of buried drums and contaminated soils believed to remain on site (Items 1-2, above). EPA also indicated a willingness to entertain a partial settlement under which reimbursement of past costs would be deferred.

Future Expectations Of The Boarhead Farms Group

As I previously mentioned, there is a group of PRPs that plan to enter into a Consent Decree with EPA in early January and

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agree to perform the OU-1 remedy at the site. (A copy of the Agreement in Principle governing the PRP Group is attached as Exhibit "E.") The Group is not committing, at this time, to reimburse EPA for past costs or to perform any actions relating to OU-2. (A copy of the draft Consent Decree is attached as Exhibit "F.")

The following is a comparison of the PRP Group and EPA cost estimates for OU-1.

	<u>PRP Group Estimate</u>		<u>EPA Estimate</u>
Remedial design/capital	\$661,000	v.	\$2,743,000
Annual O&M Cost (x 30 years)	\$354,100	v.	\$ 423,600

The Group plans to do a "quick and dirty" initial allocation among all of the parties who sign the Consent Decree in order to avoid a per capita cost sharing arrangement. The "quick and dirty" allocation will be performed at no expense to the Group by David Batson, the EPA's senior ADR specialist. A more thorough allocation will thereafter be performed by a technical consultant for the PRP Group.

The deadline for other PRPs to join the group is January 7, 2000. In light of the holidays and the fact that the PRP Group did not convene a meeting until December 16, 1999, the January 7 deadline will likely be extended.

Manfred DeRewel's Deposition Regarding  
AETC's Alleged Involvement

DeRewel testified that there was a contractual arrangement between DeRewel Chemical Company and AETC to remove waste acid in bulk from Ashland Chemical, Diaz Chemical and Ciba Geigy. The shipments were allegedly made in the 1976 to 1977 time frame. In depositions, DeRewel could not say that any of the waste was not disposed at Boarhead. He admitted taking some of the waste to his Philadelphia locations. DeRewel testified that he believes AETC dumped at Boarhead. He also believes AETC brought radioactive spark plugs, which reportedly came from General Ceramics/National Beryllia Division, to Boarhead for disposal.

Conclusion

AETC must respond by January 7, 2000 to the PRP Group's request that it enter into a Consent Decree with EPA and agree to participate in funding the OU-1 remedy. At this time, six PRPs



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have indicated that they will sign the decree. It is not known how many of the 20 to 30 additional companies that were also invited to the PRP meeting will sign the agreement.

Please contact AETC's insurance carriers immediately in order to ascertain their willingness to participate on behalf of AETC.

If you or any of the insurance carriers have any questions, please do not hesitate to contact me.

Sincerely,



Pamela R. Esterman

Enclosures

cc (w/e): Mr. Robert Landmesser

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# *EXHIBIT E*

A G R E E M E N T

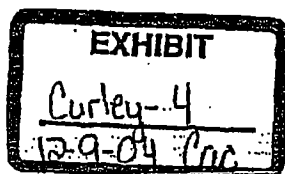
THIS AGREEMENT made this 9th day of , 1976  
by and between ADVANCED ENVIROMENTAL TECHNOLOGY, INC., 97 West  
Hanover Avenue, Randolph, N. J. 07801 (hereinafter called "AETC"  
or "Contractor") and ASHLAND CHEMICAL COMPANY, Division of Ash-  
land Oil, Inc., (hereinafter called "Ashland").

W I T N E S S E T H

The PARTIES HERETO mutually covenant and agree as follows:

1. The Contractor shall, as requested by the Plant  
Manager of Ashland's Plant located in the town of Great Meadows,  
County of Warren, State of New Jersey (hereinafter called "Plant")  
furnish and pay for all material, labor, power, equipment, trans-  
poration and all other items necessary to remove and properly dis-  
pose of certain chemical waste materials generated by the Plant  
including a blend of sulfuric and nitric acids. The Ashland Plant  
Manager shall specify which chemical waste materials Contractor  
is to remove which shall be agreeable to the Contractor.

2. Contractor shall secure all permits and licenses  
necessary for the accomplishment of the work to be done hereunder  
and shall comply with all local, state or federal laws, guidelines  
and regulations concerning the handling and disposal of such chem-  
ical waste materials. Contractor will furnish to Ashland true copies  
of the aforementioned permits and licenses upon written request  
by Ashland prior to beginning the work.



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3. The aforesaid work will be performed in a good and workmanlike manner by qualified, careful, experienced and efficient workers in strict conformity with the best standard practices with all legal requirements.

4. In consideration for the Contractor undertaking and performing the work to be done hereunder, Ashland, agrees that all materials removed will become the property of the Contractor. Title to the material removed and risk of loss will pass to the Contractor upon completion of loading of the materials, IN AN "AS IS WHERE IS" CONDITION WITHOUT ANY WARRANTY OR REPRESENTATION WHATSOEVER (EXPRESSED OR IMPLIED) AS TO CONDITION OR FITNESS FOR ANY PURPOSE. Ashland also agrees to pay to the Contractor such sums as are specified on the Rate Schedule attached hereto and made a part hereof.

Notwithstanding the foregoing, Ashland, acknowledges responsibility for the proper identification, packaging and labeling of the chemical materials herein in compliance with applicable Federal, State and Local Laws or regulations (D.O.T., etc.) and shall indemnify AETC for all claims or liabilities resulting from their non-compliance or mis-compliance with the aforesaid laws or regulations.

5. It is agreed that the Contractor is an independent contractor for the performance of all work undertaken under this Agreement and for the accomplishment of the desired result, and that Ashland is to exercise and have no control whatsoever over the methods and means of such accomplishment, except that the Contractor, while on the property of Ashland, shall observe rules

AETC185

and regulations required by Ashland with respect to smoking, and other sources of vapor ignition and shall exercise due care and diligence to perform the work and to prevent any damage to property of Ashland or injury to persons including Ashland's Employees.

6. Contractor agrees to comply with the Federal Social Security Act, the State and Federal Unemployment Insurance Acts, the Wage and Hour Laws, any and all applicable Sales, Use and Gross Receipts Tax Laws and Regulations and all other laws and regulations; and the Contractor assumes exclusive liability for the reporting and payment of any and all contributions and taxes required thereby.

7. Each party agrees to indemnify and save harmless the other against and from any and all liabilities, losses, damages, costs, expenses (including reasonable attorney's fees), causes of action, suits, claims, and demands for judgments of any nature whatsoever a party may sustain as a result of the failure of the other party to comply with the provisions of this Agreement or resulting from or arising out of any negligent acts or omissions of the other party, its employees, and subcontractors in the performance of the work herein specified.

8. Contractor further agrees at his own expense to procure and keep in force insurance listed below and to furnish to Ashland certificates by a carrier acceptable to Ashland upon request. All certificates of insurance must be attested by a duly authorized representative of the Insurance Company and contain a statement that the insurance shall not be cancelled with-

out ten (10) days written notice to the Insurance Division of  
Ashland at 1409 Winchester Avenue, Ashland, Kentucky:

(A) COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE:

The Contractor shall take out and maintain during the life of this contract Workmen's Compensation and Employer's Liability Insurance complying with all statutory provisions for all of its employees to be engaged in work under this contract.

(B) BODILY INJURY LIABILITY AND PROPERTY DAMAGE LIABILITY INSURANCE:

The Contractor shall take out and maintain during the life of this contract, such Bodily Injury Liability and Property Damage Liability Insurance as shall protect it from claims for damages for personal injury, including accidental deaths, as well as from claims for property damage, which may arise from Contractors negligent operations under this contract, whether such operation be by itself or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than:

- (i) Bodily Injury Liability Insurance, in an amount not less than \$100,000.00 for injuries, including wrongful death to any one person, and subject to the same limit for each person in an amount not less than \$300,000.00 on account of one accident.

- (ii) Property Damage Insurance in an amount not less

than \$100,000.00 for damages on account of any one accident.

9. If the work is unreasonably delayed, or any of the conditions of the Agreement are being willfully violated or executed carelessly, then Ashland or its representatives may notify the Contractor in writing and request that he immediately remedy the deficiency or delay; and, if the same shall not be remedied within forty-eight (48) hours of notice being received then Ashland may without prejudice to any other right or remedy terminate this Agreement.

10. If within one week of being notified of the readiness of a given shipment of chemical wastes AETC does not remove the shipment or if any work is unreasonably delayed or any of the conditions of the Agreement are being willfully violated or executed carelessly, then Ashland or its representatives may notify AETC in writing and request that AETC immediately remedy the deficiency or delay, and, if the same shall not be remedied within forty-eight (48) hours of notice being received, then Ashland may, without prejudice, employ any other contractor or person to remove any or all of the quantity of waste material in the aforesaid order.

10. The Contractor shall cooperate fully with Ashland in performing the work to be done hereunder and shall <sup>NOT</sup> interfere with other operations at Ashland's Plant.

11. The terms, provisions, covenants, or conditions herein contained shall control in the event of any conflict with any provision, term, covenant, or condition in any other document executed

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between the parties. This Agreement constitutes the entire agreement between the parties and no addition to or modification of any of the provisions shall be binding unless made in writing and signed by a duly authorized representative of Ashland and Contractor.

12. Ashland acknowledges and recognizes that AETC will incur and sustain substantial capital equipment costs so that AETC can more properly perform its duties with respect to the distilling of the blend of sulfuric and nitric acids under this agreement. In further consideration of this Agreement and of AETC's promise to make the said investment Ashland shall, for a minimum period of six months from the date hereof, utilize the services of AETC exclusively for the disposal of any of its wastes containing sulfuric or nitric acids or blends of these two in accordance with the price quotes, annexed hereto as Exhibit A. Ashland acknowledges that it is required to use the sole services of AETC with respect to the disposal of its sulfuric and nitric acid wastes for this minimum period regardless of Ashland's ability subsequent to the date of signing to obtain a better price quotation than that set forth in Schedule A.

Ashland further agrees that subsequent to the expiration of this initial six (6) months period but prior to the expiration of this Agreement it will grant AETC the right of last refusal to meet any valid bid or price quotation with respect to the removal of any sulfuric or nitric acid blends by any other contractor. Ashland shall submit, in writing, all such other bids or quotations



from other contractors to the offices of AETC and in the event that AETC cannot or will not meet the submitted bid or price within thirty (30) days of its submission then Ashland may terminate this agreement in whole or in part.

13. Subject to the non-cancellation provisions of paragraph 12 concerning sulfuric and nitric acid blends, this Agreement may be terminated by the Contractor or Ashland at any time by the delivery of written notice of the terminating party's intention so to terminate at least thirty (30) days prior to the effective date of such termination; provided, however, that any such termination shall not release either party from any of its obligations hereunder accruing prior to the effective date of termination.

WITNESS THE following signatures as of the day and year first above written.

ADVANCED ENVIROMENTAL TECHNOLOGY, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Authorized Representative

ASHLAND CHEMICAL COMPANY  
DIVISION OF ASHLAND OIL

By: \_\_\_\_\_

Title: \_\_\_\_\_

AETC190

# EXHIBIT G

September 28, 1976

Mr. Art Curley - Plant Manager  
Ashland Chemical Corp.  
Alphano Rd.  
Great Meadows, N.J. 07838

Dear Mr. Curley,

We are pleased to quote on the extension of our service to cover a one year contractual period for the neutralization and distillation of approximately fourteen (14) million pounds of Mixed Acid - CDN (our code number AC-MA-1).

Our current processing of this material is primarily through controlled dilution and neutralization with lime. We feel, however, that this "disposal" method neglects the potential of the waste stream for reuse of the Nitric and Sulfuric acids which constitute it.

We, therefore, propose to offer to Ashland Chemical economic advantages by installing (with our associate Co. - Environmental Chemical Control, Inc.) acid distillation equipment for denitrification. The constituent acids containing organics will then be used in ore extraction. A.E.T.C. will work to provide sufficient markets for the material to maintain the economic structure of our proposal. A.E.T.C. and Environmental Chemical Control reserve the right to confidentiality on all markets for this material, but will reflect improved economics back to Ashland Chemical should on-going market conditions warrant.

The utilization of this approach insures Ashland that changing Environmental Regulations on disposal of materials will not affect the contract. The material is no longer a "waste material". Our proposal does assume, however, that the mono nitrated organic contaminants in the sulfuric acid will not create problems in reuse.

Until such time as an agreement is finalized between A.E.T.C. and Ashland we will continue to provide our present services at the established price of \$.4473/gallon. We can handle up to two (2) loads per day of your material on an ongoing basis at our neutralization facilities.

AETC180

-2-

We will install distillation equipment upon receipt of a mutually satisfactory contractual commitment from Ashland for handling all acid produced over a twelve (12) month period (based on a tentative figure of 14 million pounds production). Safeguards must be built into a contract to protect A.E.T.C. and Environmental Chemical Control's investment.

Details:

- A) Equipment Requirements - A.E.T.C. and E.C.C. will install all necessary stainless steel equipment including still, condenser, nitric acid cooling and storage equipment, pumps, bulk storage tanks, heater, piping, controls, and electrical.
- B) Plant Location - This will be at the Wissinoming Industrial Park, Tacony & Conly Streets, Philadelphia, Pa.
- C) Equipment operation date - A.E.T.C. and E.C.C. expect to begin operating the distillation equipment in 4 to 8 weeks from contract date. We can handle 8000-9000 gallons per day.
- D) Depreciation of the Equipment - Will be over a one year period which is normal for acid distillation equipment, due to the high corrosion and maintenance requirements. The investment to set-up the foregoing described equipment (not including land, operation, maintenance costs, etc.) will be about \$46,000.00. This figure is attractive since we have some unused tankage and excellent pricing on a used still.

Pricing:

- A) The existing price on acid neutralisation will hold at \$.4473/gallon until the distillation equipment is in use.
- B) Acid Distillation - Tentative marketing surveys show that there is a good market in the ore extraction industry, however, the large quantity of material will require additional markets be developed. In addition the fact that the Sulfuric will contain organic contaminants does restrict the selling price and marketability and will require that surplus material be given away.

All things considered we are confident that the following price is realistic and will cover our costs for an one year period, assuming that no legal restrictions on the resale of material containing the mono nitrated organics takes place. Should

-3-

improved economic conditions warrent we will provide, at our discretion, reduced prices to Ashland.

Our price to Ashland will be -----\$ .37/gallon.

(2850 gal. X \$ .37 = \$1054.50)

We look forward to discussing the foregoing in detail and look forward to a good continuing relationship.

Sincerely,

John B. Leuzarder  
Technical Service Rep.

AETC182

***EXHIBIT F***

00156

1

2 United States District Court  
3 Eastern District of Pennsylvania  
4 Civil Action No. 02-3830

4

5 Boarhead Farm Agreement Group

6 plaintiff

7 V. Oral Deposition of:  
John Leuzarder  
Volume II

8 Advanced Environmental  
Technology Corporation,

9 et als.,  
defendants

10

11 \* \* \* \* \*

Monday, December 6, 2004

12 \* \* \* \* \*

13 Transcript in the above matter taken  
14 at the law offices of Wolff & Samson, 1 Boland  
Drive, West Orange, New Jersey, commencing at  
9:00 a.m.

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17

18

19

20

21

22

CERTIFIED SHORTHAND REPORTING SERVICES

23 Arranged Through

MASTROIANNI & FORMAROLI, INC.

24 709 White Horse Pike

Audubon, New Jersey 08106

25 (856) 546-1100

00182

1 Ashland.

2 Q. Why do you believe that?

3 A. We normally did not write contracts like

4 this.

5 Q. Why was that?

6 A. Generally it was the customer that created

7 contracts which we responded to.

8 Q. Do you know why this document was created?

9 MR. SABINO: Objection. How is he

10 supposed to know what the person who created

11 this document was thinking or why it was

12 created.

13 Q. You can answer if you know.

14 A. It appeared to be -- it appeared to be

15 trying to relate to the distillation of nitric

16 acid. On page 189, AETC 189 under number 12,

17 Ashland acknowledges or recognizes AETC will

18 incur and sustain substantial capital equipment

19 costs so AETC can more properly perform its

20 duties with respect to a distilling of a blend

21 of sulfuric and nitric acids under this

22 agreement.

23 This appears to be tied in with the

24 quotation which you would know as AETC 176 and

25 was probably produced in response to that.



00183

1 However as you can see it was not signed and I  
2 have no recollection that it ever was signed or  
3 executed.

4 Q. Do you know if DeRewal had some kind of  
5 involvement with this contract?

6 A. Had what?

7 Q. Had an involvement with this contract?

8 A. Only to the extent that he was the  
9 individual that -- DeRewal Chemical was the  
10 company that was going to install, had come to  
11 us with the proposal that they would install  
12 distillation equipment and therefore turn a  
13 waste into a resaleable material. We were  
14 trying to serve our customer and was strongly  
15 determined to recycle as much material as we  
16 could instead of putting it through chemical  
17 process or whatever.

18 But if we could resell it and turn it back  
19 into a useful commodity that was part of our  
20 philosophy as a company. So consequently when  
21 DeRewal had proposed the idea of distilling this  
22 sulfuric acid being able to sell it I believe he  
23 said for ore reclamation it seemed like a good  
24 thing to us. Whether it ever became a reality,  
25 I don't think so, but I don't remember.

00184

1 Q. If you turn to page AETC 191 in Leuzarder

2 Exhibit 4 and just take a look at this letter.

3 A. Okay.

4 Q. Do you recall sending this letter to Art

5 Curley?

6 A. No.

7 Q. This letter isn't signed. Was it your

8 practice to sign all your correspondence?

9 A. Yes.

10 Q. Do you believe you did send this to Art

11 Curley?

12 A. Don't remember.

13 Q. The third paragraph refers to lime make-up

14 water. Do you see that? Materials are to be

15 used as lime make-up water.

16 A. Yes, I see that.

17 Q. Do you know what lime make-up water is?

18 A. I'll speculate that in the acid

19 neutralization process you mix lime with water

20 and that water then is used to neutralize the

21 acid. Because lime would be delivered to a

22 facility as dry lime and so what you would do is

23 mix it, in this particular case the CDN waste

24 water, I guess or the dye water whichever -- I'm

25 not really sure but you would mix that with lime

00185

1 creating a slurry that would be used there then

2 to neutralize the acid.

3 Q. So you didn't need pure water to --

4 A. No.

5 Q. -- for this process to work?

6 A. No. The determination of whether it would

7 be acceptable to that purpose would be entirely

8 based upon the disposer, in this case Modern

9 Transportation's evaluation of the water

10 samples.

11 Q. Do you recall any details of the

12 conversation that's referred to in the first

13 line?

14 A. No.

15 Q. Do you know why AETC was providing a new

16 price quote for Ashland at this point in time?

17 A. No.

18 Q. Meaning April 19th, 1977?

19 A. Don't remember.

20 Q. Do you recall that it may have had

21 something to do with the shutdown of Manfred

22 DeRewal?

23 A. I don't recall.

24 MR. SABINO: Objection.

25 Q. Do you know if Ashland accepted this

***EXHIBIT H***

## MEMORANDUM

File \_\_\_\_\_ DATE September 20, 1976  
FROM A. T. Curley *ATC* SUBJECT Visit with Current Spent Acid Disposer  
REMARKS:

cc: C. A. Aldag K. Schumacher  
F. Cook J. Sigan  
C. E. Kwartler W. R. Starkey  
J. Minott H. E. Sullivan

*File*

At my insistence, I was invited to meet Fred Derewal of Environmental Chemical Control, the firm which has been handling our spent acid for the past couple of months. I had originally asked to go to Philadelphia where the acid was supposedly disposed of, but as a result of a call I received from Gaess' Santoro relating to an incident "on a farm in Pennsylvania where a Dural (this turned out to be Derewal) and his son were burned, one critically, when a valve on an acid wagon allegedly carrying Ashland acid broke off resulting in the burns and a spillage of acid", Leuzarder, when confronted by me with this rumored incident, explained that there was an incident, the burns were slight, the spill was contained and reported, the acid was not ours and no charges were made. When I told Leuzarder that Santoro hinted that the acid was being dumped on the farm, he said the trucks sometimes stopped at this location and went on into Philadelphia the next day. At this point Leuzarder felt we should meet Derewal at this location in Revere, Pa. and further discuss our relationship.

This morning Leuzarder and two of his three partners, Bob Landmesser, another ex-Gaess salesman, and Gene Conlin, associated with Jersey Sanitation, picked me up at the plant and we proceeded to Revere, which is about 15 to 20 miles south of Easton. Our destination was out in the wilderness. It consisted of an old stone home under restoration, a small building with a rather plush living room and kitchen type setting where we sat and talked, a barn, 6 or 8 appaloosa horses and an area being graded off (later found it was to be a lake). There were a few acid wagons parked about and one vertical storage tank visible. This location is apparently being prepared as a retreat for Derewal; Derewal actually lives in Bedminster, five miles away.

Derewal monopolized the conversation almost immediately. He is in his early fifties, makes a good appearance and is very well spoken. He obviously has a strong chemical background - his father worked in the chemical industry before him. He seemed very frank, not hesitating nor mincing his words. His expertise is in the utilization of waste chemicals, primarily in the metals recovery area. He recovers Copper, Nickel, Cobalt and heavy metals. He also converts ferrous chloride to ferric chloride and sells it to water companies as a flocculent. He said he peddles our acid for ore extraction and agricultural uses. He neutralizes our acid only as a last resort. He said our high nitric acid content (4 to 5%) is a drawback. Ciba-Geigy's acid, which they are still handling, has only 1% nitric. Landmesser says, as he has all along, this is CDN related acid - What are they doing to reduce nitric acid to 1%? A reminder, Ciba-Geigy does not know we are dealing with Derewal and Landmesser would like us to honor this confidential information. Derewal also handles acid for Drake Chemical.

AETC166

File

September 20, 1976

Visit with Current Spent Acid Disposer

Page 2

When they do neutralize our acid, it is now done in Philadelphia, but they plan on setting up to do it at Revere. When done in Philadelphia, either limestone, caustic or ammonia are used depending on availability. Liquors are sewerred. Insolubles are isolated and landfilled. No scrubbers are used. When I inquired about fumes, he said they were minimal when 5 to 1 dilution was employed, running the acid into water beneath the surface.

I asked whether the agricultural and ore people were aware of impurities when they used our acid. He said they didn't ask. I was hinting at the possible liability due to the toxicity of an impurity. Derewal's retort was that this was a sale of a material, not a disposal, and liability did not enter in.

Derewal stated that he would be interested in setting up a nitric acid distillation unit (for about \$50,000) if he could get a commitment from Ashland and others for their business. I get the impression that Derewal is a very innovative person, who can and will come up with solutions to problems. I do not feel he is the type to dump wastes in the first hole he can find. He is acquainted with Gamma. He had a couple ex-Gamma employees working for him at one time. He has bought Copper-8 from us. He also has imported it from Japan for re-sale. When I asked him how the D.E.R. (Department of Environmental Resources) would talk about him, he honestly stated they would down grade him. He has been fined on several occasions for pollution. He apparently was in the headlines a few years back for pollution. He said he was in no trouble now.

I would next like to visit his Philadelphia location and get an idea of how he conducts business there.

I would ask John Minott if we desired a liability waver contract in this instance, would we enter into it with Derewal or Envirotech?

September 21, 1976

I called Leuzarder today and asked what percentage of our acid was being re-sold. After checking back with Derewal, he said most of the first loads were given away for evaluation to the ore extractors. Since the nitric acid is a drawback, most of the acid is now neutralized. With a one year contract with us, he would install the aforementioned distillation equipment. Then he could sell most of the acid. In this connection, we could possibly get a price reduction of \$100 - \$200 per load, especially after he had written off his capital the first year.

ATC:aa

AETC167

# *EXHIBIT I*

## MEMORANDUM

J. Minott/W. R. Starkey

October 19, 1976

A. T. Curley *WRC*Visit to Disposal Site  
for our CDN Spent Acid

cc: C. A. Aldag  
K. Brown  
C. E. Kwartler  
J. Sigan  
H. E. Sullivan

Yesterday morning I accompanied John Leuzarder to Philadelphia to see the setup being utilized to neutralize our CDN spent acid. The site consists of a series of old buildings, most of which Mr. Derewal is using to warehouse materials. When we arrived there was an acid trailer being neutralized. The setup consisted of an open lime slurry tank and a large (about 10,000 gallons) unagitated vertical neutralizing tank. The solid lime was charged to the slurring tank by means of a front end loader. The acid was being injected into a recirculating stream thru a garden hose and a small pump. There were no visible fumes. Derewal stated that it took about five hours to complete a tank wagon load (3,000 gallons) of acid. The slurry is then dropped into the city sewer system.

The location is certainly not an ongoing chemical operation. The work was performed by Derewal's two sons. Derewal said he uses liquid lime and waste caustic to do most of the neutralizing. I questioned him about the mode of billing by the City Sewage Authority and what controls they exercised over the operation. The City bills by the amount of water usage. They do have pH and explosimeter monitoring in the common lines in the "industrial park" trunk lines.

I asked Derewal where he did all his metal recovery work. He said this was done in Camden, N. J. In addition, he has a 20,000 gallon storage tank there where he can store acid, if need be.

He has located most of the equipment that he will need to distill off the nitric acid and will set that up in the Wissinoming location. He also said he has gotten rid of several of our loads of spent for ore extraction recently. The last 1,500 gallons of the load being neutralized today was to go to a local processor of copper for equipment cleanout.

In summary then, although the location was certainly not impressive, the setup appears adequate. (He was even readying an ejector type of scrubber for installation atop the neutralization vessel.). It would certainly be helpful to obtain (1) more information on the operation of the Philadelphia Sewage System and (2) the relationship of the Pennsylvania Department of Environmental Resources (DER) with the City. This is the agency which Derewal does not want to get involved with.

Shortly after we left Philadelphia on Interstate 95 I spotted a wagon of our acid (it is easily recognizable by means of its coloring - brown and black) on the way

AETC161



J. Minott/W. R. Starkey

October 19, 1976

Visit to Disposal Site  
For our CDN Spent Acid

Page 2

into town. It had left the plant about an hour and a half before that.

I gave Leuzarder three signed copies of the contract our Law Department had drawn up for waiver of liability. His hesitation tells me that he will sit on these for awhile and we should not expect to receive the signed contract too soon, if at all.

ATC:aa

AETC162

***EXHIBIT J***

00001

1 UNITED STATES DISTRICT COURT  
2 FOR THE DISTRICT OF PENNSYLVANIA

3 \_\_\_\_\_ CIVIL ACTION NO.

4 02-CV-3830

BOARHEAD FARM AGREEMENT Judge Legrome D. Davis

5 GROUP,

Plaintiff, Oral Deposition of:

6

vs. Arthur T. Curley, Jr.

7

ADVANCED ENVIRONMENTAL TECHNOLOGY

8 CORPORATION; ASHLAND CHEMICAL  
9 COMPANY; BOARHEAD CORPORATION;

CARPENTER TECHNOLOGY CORPORATION;

10 CROWN METRO, INC.; DIAZ CHEMICAL

CORPORATION; EMHART INDUSTRIES,

INC.; ETCHED CIRCUITS, INC.; FCG,

11 INC.; GLOBE DISPOSAL COMPANY, INC.;

GLOBE-WASTECH, INC.; HANDY & HARMAN

12 TUBE COMPANY, INC.; KNOLL, INC.;

MERIT METAL PRODUCTS CORPORATION;

13 NOVARTIS CORPORATION; NRM INVESTMENT

COMPANY; PLYMOUTH TUBE COMPANY;

14 QUIKLINE DESIGN AND MANUFACTURING

COMPANY; RAHNS SPECIALTY METALS,

15 INC.; ROHM & HAAS COMPANY, SIMON

WRECKING COMPANY, INC.; TECHALLOY

16 COMPANY, INC.; THOMAS & BETTS

CORPORATION; UNISYS CORPORATION;

17 UNITED STATES OF AMERICA

DEPARTMENT OF NAVY,

Defendants.

18

\* \* \* \* \*

19 Thursday, December 9, 2004

\* \* \* \* \*

20

Transcript in the above matter taken at  
21 the offices of Ballard, Spahr Andrews & Ingersoll,  
LLP, Plaza 1000, Main Street, Suite 500, Voorhees,  
22 New Jersey, commencing at 10:00 a.m.

23 Certified Shorthand Reporting Services

Arranged Through

24 Mastroianni & Formaroli, Inc.

709 White Horse Pike

25 Audubon, New Jersey 08106

(856) 546-1100

00112

1 A. Well, I guess the first thing he said  
2 about it -- first of all, I think he handled it a  
3 couple locations, trying things out, I don't know  
4 whether he took it to Modern, this is a long time  
5 ago, I'm not --

6 Q. No, I understand.

7 A. I'm not sure of the progression. The  
8 bottom line is that he came at some point and  
9 mentioned DeRewal and that he thought he could get  
10 rid of the acid.

11 Q. Do you know if the first time he came to  
12 you and told you that they had started -- he had  
13 started a new company, did he tell you about DeRewal  
14 at that meeting, if you recall, or some later  
15 meeting?

16 A. No, it would have been later.

17 Q. Later, okay.

18 Had you asked him to find someone who  
19 can -- who could dispose of the acid waste stream?

20 A. Oh, I don't know exactly what  
21 transpired. He knew, he knew of that stream and that  
22 it was a problem with to get rid of.

23 Q. Is it your recollection that he had a  
24 prior relationship with DeRewal before he started  
25 handling Ashland's waste stream?

00113

1 A. No.

2 Q. He did not?

3 A. Not that I know of, no.

4 Q. Do you know how long after he told you

5 that he started this new company that he brought

6 DeRewal, that DeRewal became affiliated with him?

7 A. No, no.

8 (Objection) MR. SABINO: Objection to the use of

9 the word affiliated.

10 BY MS. MOONEY:

11 Q. How did -- was Mr. Leuzarder the primary

12 contact for -- between Ashland and AETC?

13 A. Repeat.

14 Q. Let me restate. Strike that.

15 Was Mr. Leuzarder your primary contact

16 with AETC?

17 A. Yes.

18 Q. Did you have contact with anyone else

19 from AETC at any point?

20 A. Yes.

21 Q. And who did you have contact with?

22 A. Well, I met Bob Landmesser. There were

23 other representatives along the way that would come

24 in. Read one of them in one of those memos, Debbert

25 I think his name was.

00131

1 Q. Did you ever visit the Boarhead Farm  
2 site?

3 A. I believe. I don't know which site  
4 we're talking about, but --

5 Q. Well, did you ever visit --

6 A. Were there Appaloosa horses there?

7 Q. You tell me.

8 A. 'cause where I visited there were.

9 Q. Can you tell me about that visit?

10 A. Well, it was to meet the man, find out  
11 about him and see what he could do with the acid  
12 stream.

13 Q. Was this before or after your  
14 Wissinoming visit?

15 A. Oh, it was before.

16 Q. Do you recall any details of your trip  
17 to the farm?

18 A. The Appaloosas.

19 Q. That's a pretty specific detail. Did  
20 you ride the Appaloosas?

21 A. No. The -- they had like a hunting  
22 lodge or something there where we sat in and talked.  
23 But a lot of it is vague anymore as to the site, you  
24 know, I don't really recall a whole lot anymore. But  
25 we were sitting down in a place that reminded me of a

00174

1 MR. BIEDRZYCKI: You can add that to  
2 the pile. Only 16 more to go.

3 (Exhibit Curley-6, 2-page Memorandum dated  
4 October 19, 1976, Bates stamped BSAI 006573-006574,  
5 marked for I.D.)

6 BY MS. MOONEY:

7 Q. I'm going to show you Curley Exhibit 6,  
8 which is Bates number BSAI 006573 and 6574.

9 MR. SABINO: What's the date on that,  
10 Rich?

11 MR. BIEDRZYCKI: October 19, 1976. You  
12 are quick on the draw today.

13 BY MS. MOONEY:

14 Q. You done?

15 A. Yes.

16 Q. Can you describe this document?

17 A. Well, it's a document writing up my  
18 experiences with the visit to the Philadelphia site  
19 where they were neutralizing the acid, the visit that  
20 I had been seeking for about month-and-a-half, two  
21 months.

22 Q. Do you recall why you addressed this to  
23 Mr. Minott?

24 A. Well, he, I told you he's the  
25 environmental engineer in Columbus.

00175

1 Q. Do you recall if when you visited the  
2 site was it actually, was the process being performed  
3 at that time?

4 A. Yes.

5 Q. It was in the works?

6 A. Yes.

7 Q. Do you know whose acid was in the system  
8 when you were viewing it?

9 A. At this point, I don't recall.

10 Q. When you were -- when you visited this  
11 facility, did you ask to see any permits?

12 A. No.

13 Q. Did he show you, did Mr. DeRewal show  
14 you any permits at this facility?

15 A. No.

16 Q. Did you ask Mr. DeRewal who he sold the  
17 acid to that he was distilling here?

18 A. He's not distilling, he's neutralizing.

19 Q. Or neutralizing?

20 A. He's not selling anything.

21 Q. Well, let's see in the fourth  
22 paragraph -- sorry, strike that.

23 The last 1500 gallons of the load being  
24 neutralized today was to go to a local processor of  
25 copper for equipment cleanout.



00176

1 Do you know if he was selling that or  
2 giving it away?

3 A. I don't.

4 Q. In the next paragraph you talk about it  
5 would certainly be helpful to obtain more information  
6 on the operation of the Philadelphia Sewage System  
7 and, two, the relationship of the Pennsylvania  
8 Department of Environmental Resources with the city.  
9 This is the agency which DeRewal does not want to get  
10 involved with.

11 What's -- why did you write this is the  
12 agency which DeRewal does not want to get involved  
13 with, how did you know that?

14 A. Because he knocked the DER.

15 Q. Mr. DeRewal?

16 A. Yeah. He's very, very negative about  
17 them. I don't know if he had bad experiences with  
18 them or what.

19 Q. Did you take any steps after this to  
20 obtain that information?

21 A. No, that's why I would have put Minott  
22 on it, let him track down things like that.

23 Q. And in the latter part of this  
24 memorandum you talk about spotting a wagon of Ashland  
25 acid, I assume is that, I assume on the road, was

00177

1 that an Ashland truck or was it -- whose truck was it

2 that you saw?

3 A. I don't know who was doing the hauling

4 but it was one of the ones that was, that was hauling

5 the acid to Philadelphia.

6 Q. Was that one of DeRewal's trucks?

7 A. I don't know whose truck it was. We

8 just recognized the truck by seeing it in the plant

9 loading.

10 Q. Oh, I see.

11 A. And Jake would have been the one that

12 knew who was doing the trucking.

13 Q. The last paragraph refers to you giving

14 Leuzarder three signed copies of the contract our law

15 department had drawn up for waiver of liability.

16 How -- did you request the law

17 department to draw up these contracts?

18 A. I have no recollection of that, that

19 whole paragraph. It's almost like I didn't write it.

20 Q. I understand. It was a long time ago.

21 Almost 40 -- no, 30 years ago. All right.

22 (Exhibit Curley-7, 6-page Memorandum dated

23 April 5, 1977, Bates stamped BSAI 033297-033302,

24 marked for I.D.)

25 BY MS. MOONEY: